

## MEMORANDUM

**TO:** Audit Committee  
Jon Strinden  
Weldee Baetsch

**FROM:** Jamie Kinsella, Internal Auditor

**DATE:** August 25, 2004

**SUBJECT:** **February 12, 2004 Audit Committee Meeting**

In Attendance:  
Jon Strinden via conference call  
Weldee Baetsch  
Jamie Kinsella  
Sharon Schiermeister  
Shelly Stuber

The meeting was called to order at 3:05 p.m.

### **I. November 18, 2003 Audit Committee Minutes**

The audit committee minutes were examined and approved by the Audit Committee.

### **II. Goals and Objectives Project Update**

The updated goals and objectives report on the activities that occurred during the last quarter in the internal audit division was included with the audit committee materials. Chairman Strinden inquired whether Ms. Kinsella had any concerns regarding audits that are not getting done but should be addressed. Ms. Kinsella explained that she is behind with getting the FYE June 30, 2003 workpapers completed, which would be helpful to have done to use in training Ms. Stuber, and would like to start on the BCBS interest calculation report audit for the past biennium. This audit is different from Mr. Reinhardt's claims audit, as it is financial related. Ms. Kinsella conveyed she anticipated getting the FYE 2003 workpapers done by the end of February and plans to start BCBS after that.

### **III. Administrative**

A Quarterly Audit Finding Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit findings of the external auditors, as well as any found by the internal auditor. A copy of the report was included with the audit committee materials. Ms. Kinsella indicated progress was made in 3 areas. Ms. Schiermeister completed updating the employee exit

checklist to ensure removal from IT access upon termination. Ms. Knudsen has been training on new software to facilitate her business recovery plan project. Ms. Kinsella conveyed she has been using the ACL software to put together reports on disability recipients for Ms. Dschaak.

- B. Internal Auditor I – Ms. Kinsella introduced the new internal auditor in the Internal Audit Division. Ms. Shelly Stuber accepted the position in December and began employment on January 20, 2004.
- C. Position Reclassification – Ms. Kinsella indicated that her updated Position Information Questionnaire (PIQ) will be forwarded to Kathy Allen, PERS Human Resource Manager, to forward to Human Resource Management Services for their review. Ms. Kinsella conveyed she would update the audit committee when more information becomes available.
- D. Performance Evaluation – Mr. Collins will be contacting the audit committee between now and the May audit committee meeting to discuss Ms. Kinsella's performance evaluation.
- E. Internal Audit Annual Report for the Year Ending December 31, 2003 – Included with the audit committee materials was the Internal Audit Annual Report for the year ended December 31, 2003. The report was approved. Discussion followed regarding whether this document is formally filed with the State Auditor's Office, or it is an internal document. At this time it is internal but that may change in the future.
- F. Internal Audit Plan for Year 2004 – The audit committee approved the 2004 Internal Audit Plan at the last audit committee meeting. However, when Ms. Kinsella received the plan after Mr. Strinden signed it, Ms. Kinsella realized there had been an error in the date. The plan was to be for the calendar year 2004. Ms. Kinsella also updated the projected hours since the Internal Auditor position was filled. The organization chart has also been updated. Ms. Kinsella will be sending a corrected copy of the front page for Mr. Strinden's signature.
- G. Audit Committee Checklist Project – At the last meeting Eide Bailly LLP provided the audit committee a copy of an Audit Committee Checklist. Included with the audit committee materials was a copy of the working document for the audit committee checklist project. This project is in progress. Ms. Kinsella conveyed she will report the outcome of the project and any recommendations at the May audit committee meeting.
- H. Audit Committee Charter Revision Project - One of the goals listed in the Internal Audit Plan is to assist the Audit Committee in reviewing and updated the Audit Committee Charter. Included with the audit committee materials was a copy of the working document for reviewing the audit committee charter. This project will be completed by May, at which time Ms. Kinsella will report to the audit committee the outcome and any recommendations, if any. Discussion followed. There was concern expressed over the outcome of the evaluations of the Checklist and Charter. Documentation will include why a change was or was not implemented.

#### **IV. Miscellaneous**

- A. May 2004 Audit Committee Meeting Date and Time – The May 2004 audit committee meeting is scheduled for Wednesday, May 12, 2004 at 10:30am in the NDPERS Conference room, Wells Fargo Bank Building.

- B. Audit Committee Web Page – During the discussion at the last audit committee meeting, it was decided to include the Audit Committee Charter, the Internal Audit Charter, the meetings scheduled, and the minutes from the past meeting on the NDPERS web site. The IT staff at NDPERS has included this information onto the NDPERS web site. The information can be found under “About NDPERS”. In the future the minutes will be posted to the web site after the audit committee has approved them.

The meeting adjourned at 3:50 p.m.